



**Request for City Council Committee Action from the Department of Community Planning & Economic Development - CPED**

Date: April 29, 2014

To: Council Member Lisa Goodman, Chair, Community Development & Regulatory Services Committee

**Subject:** Land Sale Public Hearing  
Vacant Housing

**Recommendation:** Approve the sale of 3217 29th Avenue South to Michlitsch Builders, Inc. for \$31,000, subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City, and 2) payment of holding costs of \$300.00 per month if the land sale closing does not occur on or before the closing deadline. The sale conditions may be waived or amended with approval of the Community Planning & Economic Development (CPED) Director.

**Previous Directives:** CPED acquired 3217 29th Avenue South on February 8, 2013.

Prepared by: Earl S. Pettiford Senior Project Coordinator, Phone 612-673-5231

Approved by: Charles T. Lutz, Interim CPED Director

Thomas A. Streitz, Director Housing Policy & Development

Presenter(s) in Committee: Earl S. Pettiford Senior Project Coordinator

**Financial Impact**

- Elimination of future property management costs estimated at \$3,600 per year.
- Proposed Total CPED Land Assembly Costs Net Sale Proceeds : \$ 17,210
- Proposed Sales Price Write-down from Re-Use Value Appraisal: \$ 0

**Community Impact**

- Neighborhood Notification: Longfellow Community Council reviewed this proposal and recommended it be approved.
- City Goals: Living well:Minneapolis is safe and livable and has an active and connected way of life.
- Sustainability Targets: Vital Community-Affordable housing
- Comprehensive Plan: On 4/23/2014, the Planning Commission approved the sale of this parcel as being consistent with the Comprehensive Plan.
- Zoning Code:R2B
- Living Wage/Business Subsidy Agreement Yes\_\_\_\_\_ No  x
- Job Linkage Yes\_\_\_\_\_ No  x
- Other: On March 11, 2014, the Planning Staff completed a land sale review of this parcel and deemed it a buildable lot.

## **Supporting Information**

### **PARCEL**

TF 797

### **ADDRESS**

3217 29th Avenue South

### **SALE PRICE**

\$31,000

### **PURCHASER**

Michlitsch Builders Inc.  
8291 Norwood Lane N,  
Maple Grove, MN, 55369

### **PROPOSED DEVELOPMENT:**

The developer proposes to build a 2 story home with 3 bedrooms and 3 bathrooms with a full basement featuring 1655 square feet of finished living space with a two car detached garage which they will market for owner occupancy at an asking price of \$335,500.

The lot size is approximately 42' x 159' = 6,678 total square feet.

### **LAND DISPOSITION POLICY:**

This property is a buildable lot as defined by City policy and is being sold for development.

### **FINANCING\*:**

The developer has a line of credit established with Wells Fargo for this project.

\*Subject to application and underwriting requirements.

### **OFFERING PROCEDURE:**

Public Advertisement. The sales price of this property does reflect the full re-use value.

### **COMMENTS:**

On February 8, 2013, CPED acquired this vacant parcel from Hennepin County under the Vacant Housing program and then cleared title. The parcel was valued at \$31,000 and placed upon the lot list. The developer will construct a single family home for owner-occupancy.

## **Authorizing sale of land Vacant Housing Disposition Parcel No TF-797.**

Whereas, the City of Minneapolis, hereinafter known as the City, has received an offer to purchase and develop Disposition Parcel TF-797, in the Longfellow neighborhood, from Michlitsch Builders, Inc., hereinafter known as the Redeveloper, the Parcel TF-797, being the following described land situated in the City of Minneapolis, County of Hennepin, State of Minnesota to wit:

### **LEGAL DESCRIPTION**

TF-797; 3217 29th Avenue South

Lot 24, Block 9, Rollins Second Addition to Minneapolis, Minnesota

Whereas, the Redeveloper has offered to pay the sum of \$31,000, for Parcel TF-797 to the City for the land, and the Redeveloper's proposal is in accordance with the applicable Redevelopment Plan and/or Program; and

Whereas, the Redeveloper has submitted to the City a statement of financial responsibility and qualifications; and

Whereas, the City has had the re-use value reviewed by an appraisal expert, stating that the re-use value opinion is consistent with the accepted methods in aiding the City in determining a re-use value for the Parcel; and

Whereas, pursuant to due notice thereof published in *Finance and Commerce* on April 18, 2014, a public hearing on the proposed sale was duly held on April 29, 2014, at the regularly scheduled Community Development and Regulatory Services Committee meeting of the City Council, at the Minneapolis City Hall, 350 South 5th Street, Room 317, at 1:30 p.m., in the City of Minneapolis, County of Hennepin, State of Minnesota;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the re-use value for uses in accordance with the Vacant Housing plan, as amended, is hereby estimated to be the sum of \$31,000 for Parcel TF-797.

Be It Further Resolved that the acceptance of the offer and proposal is hereby determined to be in accordance with the City's approved disposition policy and it is further determined that the Redeveloper possesses the qualifications and financial resources necessary to acquire and develop the parcel in accordance with the Redevelopment Plan and/or Program.

Be It Further Resolved that the proposal be and the same is hereby accepted, subject to the execution of a contract for the sale of land and further subject to the following conditions; 1) land sale closing must occur on or before 90 days from the date this Resolution is approved by the City and 2) payment of holding costs of \$300.00 per month if the land sale closing does not occur on or before the closing deadline.

Be It Further Resolved that the sale conditions described above may be waived or amended with the approval of the CPED Director.

Be It Further Resolved that upon publication of this Resolution, the Finance Officer or other appropriate official of the City be and the same is hereby authorized to execute and deliver the contract to the Redeveloper; provided, however, that this Resolution does not constitute such a contract and no such contract shall be created until executed by the Finance Officer or other appropriate official of the City.

Be It Further Resolved that the Finance Officer or other appropriate official of the City is hereby authorized to execute and deliver a conveyance of the land to the Redeveloper in accordance with the provisions of the executed contract and upon payment to the City for the purchase price thereof; provided, however, that this Resolution does not constitute such a conveyance and no such conveyance shall be created until executed and delivered by the Finance Officer or other appropriate City official of the City.

Ward 2

Address: 3217 29<sup>th</sup> Av S



Minneapolis  
City of Lakes  
Community Planning &  
Economic Development

CPED Long Range Planning, 12/18/2013



**TOTAL ACQUISITION COSTS INCURRED BY CPED ATTRIBUTABLE TO THE FOLLOWING PROPERTY:**

Date: April 29, 2014  
 Subject: Land Sale – Public Hearing  
 Vacant Housing  
 Address: 3217 29th Avenue South  
 Purchaser: Michlitsch Builders, Inc.

(The amounts in Columns C, F and G below will automatically calculate when columns A, B, D and E are entered)

	A	B	C	D	E	F	G
Address	Purchase Price	Acquisition/ Demolition/ Other Costs	Total CPED Cost to Assemble	Re-Use Value Opinion	Sale Price	CPED Cost Write-Off or Sale Proceeds (if > 0)	Re-Use Value Write Down
			(A+B)			(E-C)	(E-D)
3217 29th Avenue South	\$5,000	\$8,790	\$13,790	\$31,000	\$31,000	\$17,210	\$0
Total	\$5,000	\$8,790	\$13,790	\$31,000	\$31,000	\$17,210	\$0

Write-Down  
 Reason: N/A

Developer History with CPED:

The developer has developed many homes (12) which they sold for owner occupancy on land they acquired from the City of Minneapolis. Developer has also developed many homes on land acquired from the City by our nonprofit partners

Developer Information:

- ☐ Single Individual(s)
- ☐ Married Individual(s)
- ☐ Limited Liability Partnership of the State of Minnesota
- ☐ Limited Liability Company of the State of Minnesota
- ☒ Corporation of the State of Minnesota
- ☐ Nonprofit Corporation of the State of Minnesota
- ☐ Other